

June 25, 2021

Honorable Howard Marklein, Co-Chair  
Joint Committee on Finance  
316 East, State Capitol  
P.O. Box 7882  
Madison, WI 53707

Honorable Mark Born, Co-Chair  
Joint Committee on Finance  
308 East, State Capitol  
P.O. Box 8953  
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Honorable Robert Cowles, Co-Chair  
Joint Committee on Audit  
118 South, State Capitol  
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Honorable Samantha Kerkman, Co-Chair  
Joint Committee on Audit  
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Mr. Mike Queensland  
Senate Chief Clerk  
P.O. Box 7882  
Madison, WI 53707

Mr. Ted Blazel  
Assembly Chief Clerk  
Room 401, 17 West Main Street  
Madison, WI 53703

**Subject: Investment Policies, Objectives and Guidelines**

Members of the Legislature:

Pursuant to Section 25.17(14r) of the Wisconsin Statutes, I want to advise you that since our last report on March 25, 2021 there were some revisions to (1) the SWIB Investment Committee (IC) Wisconsin Retirement System (WRS) Investment Guidelines and (2) the State Investment Fund (SIF) & Separately Managed Funds Investment Policy and Guidelines.

At its April 27, 2021 meeting, the Investment Committee approved amendments to the SWIB IC WRS Investment Guidelines, which included modifying the portfolio guidelines for the mortgage-backed securities portfolio to permit investments in certain collateralized loan obligations (CLOs). These amendments were reported to the Board of Trustees at its June 16, 2021 meeting.

At its June 16, 2021 meeting, the Board of Trustees approved changes to the SIF & Separately Managed Funds Investment Policy and Guidelines, which had also been recommended by the Investment Committee, and which included:

- Requiring at least 70% of the SIF to be invested in US government securities, repurchase agreements and FDIC-insured bank instruments (up from 50%);
- Revising guideline restrictions to focus on overall issuer exposure;
- Clarifying the allowable form and structure of repurchase agreements;
- Confirming the short-term nature of the fund by relying on the existing guideline that the overall SIF weighted-average maturity be less than one year while removing maturity limits by instrument type (unless required by statute); and
- Allowing up to 10% of the SIF to be invested in other high-quality, short-term investments subject to SWIB's fiduciary standard and statutory requirements.

If you have questions on any of the changes, please contact me.

Sincerely,

A handwritten signature in cursive script that reads "Rochelle Klaskin".

Rochelle Klaskin  
Deputy Executive Director/Chief Administrative Officer

cc: Jay Risch, SWIB Government Relations Liaison  
Members, Joint Committee on Audit  
Members, Joint Committee on Finance  
Joe Chrisman, Legislative Audit Bureau  
Robert Lang, Legislative Fiscal Bureau